

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

AMERICAN STEAMSHIP OWNERS MUTUAL
PROTECTION AND INDEMNITY ASSOCIATION,
INC.,

Plaintiff,

-against-

ALCOA STEAMSHIP CO., INC. And Other Entities
Listed On Exhibit A Hereto,

Defendants.

04 Civ. 04309 (LAK)

**ANSWER OF BESSEMER
SECURITIES
CORPORATION, AS
SUCCESSOR TO
GROSVENOR-DALE CO.,
INC. TO THE SECOND
AMENDED COMPLAINT**

Defendant Bessemer Securities Corporation as successor to Grosvenor-Dale Co., Inc.
("Bessemer"), by its attorneys Chadbourne & Parke LLP, answers the Second Amended
Complaint as follows:

Introduction and Background

1. Bessemer admits that this is an action for a declaratory judgment and lacks knowledge or information sufficient to admit or deny the remaining allegations set forth in paragraph one.
2. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph two.
3. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph three.

4. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph four.

5. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph five.

6. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph six.

7. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph seven.

8. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph eight.

9. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph nine.

10. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph ten.

11. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph eleven.

12. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twelve.

13. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph thirteen.

The Parties

14. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fourteen.

15. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifteen, except admits that it is a corporation organized and existing under the laws of a state.

Jurisdiction and Venue

16. Bessemer admits the allegations contained in paragraph sixteen.

17. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph seventeen, except admits that at all relevant times, Bessemer Securities Corporation was doing business in this judicial district and further admits that Grosvenor-Dale Co., Inc., did business primarily in Providence, Rhode Island.

Managing the Club

18. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph eighteen.

19. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph nineteen.

20. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty.

21. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty-one.

22. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty-two.

23. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty-three.

Insurance Policies

24. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty-four.

Mutuality - Contingent Liability for Assessment of All Insurance Costs

25. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty-five.

26. Bessemer admits that paragraph twenty-six purports to quote the "Assessability" provision purportedly contained in each policy issued by the Club prior to February 20, 1989 and refers this Court to such section for the full and complete contents thereof.

27. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty-seven.

28. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty-eight.

Other Relevant Policy Provisions

29. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph twenty-nine.

30. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph thirty.

31. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph thirty-one.

32. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph thirty-two.

Regulating the Club

33. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph thirty-three.

34. Bessemer admits that paragraph thirty-four purports to quote Section 1211 of the Insurance Law and refers this Court to such section for the full and complete contents thereof.

35. Bessemer admits that paragraph thirty-five purports to quote Section 4111 of the Insurance Law and refers this Court to such section for the full and complete contents thereof.

36. Bessemer admits that paragraph thirty-six purports to quote from Article V of the Club's By-Laws and refers this Court to such By-Laws for the full and complete contents thereof.

37. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph thirty-seven.

Notification of Claims

38. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph thirty-eight.

39. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph thirty-nine.

"Closing" Insurance Years

40. Bessemer admits that paragraph forty purports to quote from Article V of the Club's By-Laws and refers this Court to such By-Laws for the full and complete contents thereof.

41. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-one.

42. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-two.

43. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-three.

44. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-four.

Assertion of Late Manifesting Occupational Claims

45. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-five.

46. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-six.

The Club's Discretionary Practices

47. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-seven.

48. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-eight.

49. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph forty-nine.

50. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty.

51. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-one.

52. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-two.

Continued Indemnifications to Defendants Under the Discretionary Practice for Insurance Years Before February 20, 1989 Will Inequitably Reduce the Club's General Reserves in an Unsustainable Amount

53. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-three.

54. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-four.

55. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-five.

56. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-six.

57. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-seven.

Other Issues In Dispute

58. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-eight.

59. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph fifty-nine.

60. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph sixty.

61. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph sixty-one.

FIRST CAUSE OF ACTION

Declaratory Judgment

(The Club is Entitled to Terminate the Discretionary Practice)

62. Bessemer repeats and realleges the answers set forth in paragraphs one through sixty-two as if fully set forth herein.

63. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph sixty-three.

64. Bessemer admits that the Club seeks a declaratory judgment by this Court that it is entitled to terminate the Discretionary Practice with respect to IBNR claims arising in closed insurance years before February 20, 1989.

SECOND CAUSE OF ACTION

Alternative Declaratory Judgment

(Action to Restore Mutuality)

65. Bessemer repeats and realleges the answers set forth in paragraphs one through sixty-five as if fully set forth herein.

66. Bessemer lacks knowledge or information sufficient to admit or deny the allegations set forth in paragraph sixty-six.

67. Bessemer admits the allegations contained in paragraph sixty-seven.

68. Bessemer denies the allegations set forth in paragraph sixty-eight, except admits that the Club seeks a judicial declaration.

THIRD CAUSE OF ACTION

Further Alternative Declaratory Judgment

(Allocation of Claims and Application of Multiple Deductibles)

69. Bessemer repeats and realleges the answers set forth in paragraphs one through sixty-nine as if fully set forth herein.

70. Bessemer denies the allegations set forth in paragraph seventy.

71. Bessemer admits the allegations contained in paragraph seventy-one.

FIRST AFFIRMATIVE DEFENSE

72. The instant action is barred in whole or in part by the doctrines or waiver, ratification or estoppel.

SECOND AFFIRMATIVE DEFENSE

73. The instant action is barred in whole or in part by the doctrine of laches.

THIRD AFFIRMATIVE DEFENSE

74. The instant action is barred in whole or in part by plaintiff's failure to assert its claims within the applicable statute of limitations.

WHEREFORE, Bessemer respectfully demands judgment:

- (1) granting the first cause of action;
- (2) dismissing the second and third causes of action as against Bessemer; and
- (3) granting such other and further relief as this Court deems just and proper.

October 8, 2004

CHADBOURNE & PARKE LLP

By /s/ Donald I Strauber
Donald I Strauber (DS-9256)
A Member of the Firm
Attorneys for Bessemer Securities
Corporation as successor to Grosvenor-
Dale Co., Inc.
30 Rockefeller Plaza
New York, New York 10112
(212) 408-5100